

**Maharashtra State policy for Investment
in the power generation Sector for capacity
addition of 500 MW and above.**

GOVERNMENT OF MAHARASHTRA

Industries, Energy and Labour Department,
Government Resolution No. PSP 2005/CR 2068/NRG-7
Mantralaya, Mumbai 400 032.
Dated : 28th March, 2005.

Preamble:

Government of India has enacted Electricity Act 2003 with effect from 10th June 2003. Generation is delicensed and appropriate Commission is empowered to issue licence to transmit, distribute and trade in Electricity. Open access, competition and development of power market are envisaged. Restructuring of State Electricity Boards is also mandatory.

In the post liberalization era, few proposals for setting up of generating and associate facilities have been submitted to Govt. of Maharashtra. A High Power Committee under the Chairmanship of Chief Secretary was set up by the Government of Maharashtra to consider the proposals of investment and to recommend the infrastructure facilities, its methodology and various incentives to such projects.

The High Power Committee has reviewed the various aspects of projects such as fiscal, legislative and administrative support sought by investors. They have also gone through the State support policies of other States and power scenario prevailing in the State of Maharashtra. Considering the present load shedding of 1800 MW to 3000 MW, projection of energy requirement based on Energy Power Survey (EPS) of Central Electricity Authority, Govt. of India and recommendations of the High Power Committee, policy to promote investment in generation sector was under active consideration of Government.

Government Resolution

Government of Maharashtra has now decided the policy to promote investment in the power generation sector in the state of Maharashtra.

- 1) Generating projects (coal based thermal power plant and gas based combined cycle power plant) of minimum size of 500 MW and above shall be eligible to get the benefits under the policy.
- 2) Generating projects shall be set up by IPP on its own or jointly with MSEB or its successors anywhere in the State of Maharashtra.
- 3) **Administrative Support.**

i) Land:

Govt. land wherever required for the project purposes will be made available at the ready reckoner rate but will include the cost of rehabilitation and reconstruction to be paid by the Developer. Land acquisition will be done by MIDC, if required.

ii) Single Window Clearance:

All the clearances will be provided to the investors by the Committee to be constituted under Chairmanship of Secretary Energy. Indicative time period for clearances related to the issues, under the purview of State Government shall be 45 to 60 days.

iii) State Govt. will facilitate

- a) Creation/strengthening of all connecting infrastructure to the project site i.e. roads etc.
- b) Right of way
- c) The availability of water for the project.
- d) Getting fuel linkage for the project.
- e) Evacuation facilities for the project.

4) Fiscal support

i) Stamp duty and registration Charges: 100% tax exemption from stamp duty and registration charges for the project.

ii) Octroi exemption: 100% exemption from Octroi for machinery and other equipments required for initial setting up of the project only.

iii) Tax on sale of electricity: Tax on sale of electricity will be at par on the MSEB or its successors. However, whether to levy


tax on sale of electricity to consumers, shall be governed by the orders issued by Maharashtra Electricity Regulatory Commission from time to time. No tax on sale of electricity shall be levied for sale of electricity outside the State of Maharashtra.

5) Maharashtra State Electricity Board or its successors shall "buy back" power from IPPs for the projects established under this policy at the rate approved by MERC/CERC. Such buy back shall be through competitive bidding process of MSEB or its successors. The terms and conditions as well as quantity of buy back shall be specified by MSEB or its successors in the tender document. The buy back of power shall be subject to the approval of MERC. Govt. of Maharashtra will give guarantee to such "buy back" of power by MSEB or its successors from IPPs to the extent of 2000 MW or 50% for the first 5 years.

6) It will be binding on IPP to sell power to the extent of 50 percent of commissioned capacity and energy generated at any time from project implemented under this policy within the State of Maharashtra.

The aforesaid incentives will be available only to such investors who submit project DPR within six months, attain financial closure within one year and commission the project within five years from the date of declaration of this policy.

By order and in the name of the Governor of Maharashtra.


(B.P. Pandey)
Principal Secretary (Energy) 28/3

Copy to:

The Chief Secretary, Mantralaya, Mumbai.

The Additional Chief Secretary (Planning), Mantralaya, Mumbai.

The Additional Chief Secretary (Finance), Mantralaya, Mumbai.

The Secretary, (Industries), Mantralaya, Mumbai.

All Departments in Mantralaya.

The Chairman, Maharashtra State Electricity Board, Prakashgad,
Bandra (East), Mumbai.

All Desk Officers/Under Secretaries of Energy Department.

Select file NRG-7.